

**The Honorable Judge Christopher M. Alston
Chapter 11**

Hearing Date: July 16, 2020

Hearing Time: 9:30 AM

Hearing Location: *Telephonic*

Response Date: July 9, 2020

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WASHINGTON, AT SEATTLE**

In re:

V. S. INVESTMENT ASSOC., LLC,

Debtor.

No. 20-11541-CMA

**DECLARATION OF STEPHANIE
JENKINS IN SUPPORT OF BRMK
LENDING, LLC'S MOTION TO
DISMISS CASE OR FOR RELIEF
FROM STAY TO PROCEED WITH
RECEIVERSHIP**

I, Stephanie Jenkins, declare, under oath, as follows:

1. I am a citizen of the United States of America over eighteen (18) years of age and I am competent to make this declaration. If called to testify in any proceeding, I would affirm and restate the content hereto, which is based upon my personal knowledge.

2. I am an Asset Manager for BRMK Lending, LLC, the successor by merger to PBRELF I, LLC ("BRMK"). I am familiar with BRMK's loan transactions with the Debtor, V. S. Investment Assoc., LLC ("V. S. Investment" or the "Debtor"). I am one of the custodians of the records and files maintained by BRMK, and I am authorized to make this Declaration in Support of BRMK's Motion to Dismiss Case or for Relief from Stay to Proceed with

**DECLARATION OF STEPHANIE JENKINS
IN SUPPORT OF MOTION TO DISMISS OR
FOR RELIEF FROM STAY - 1**

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1 Receivership.

2 3. The loan documents described below were properly originated by BRMK.
3 BRMK is the owner and holder of all the relevant loan documents and maintains the documents
4 at its offices located at 1420 Fifth Avenue, Suite 2000, Seattle, Washington 98101.

5 4. The Debtor sought and obtained a loan from BRMK in the original principal
6 amount of \$1,880,000.00 (the "Loan"). The Loan was memorialized in a promissory note dated
7 April 18, 2016 (the "Note"). The Note matured on February 1, 2017 (the "Maturity Date") and
8 became due and payable. A true and correct copy of the Note, with required redactions for
9 financial privacy, is attached hereto as **Exhibit A**. The Note was amended on several occasions
10 to increase the balance and extend the maturity date.

11 5. To secure its loan obligations to BRMK under the Note, V. S. Investment and
12 non-debtor VS Developing, LLC, an affiliate of the Debtor ("VS Developing"), each executed
13 and delivered to BRMK a deed of trust (the "Deeds of Trust"): the first, recorded under King
14 County Auditor's File No. 20160421001467 against real property commonly known as 2467
15 South College Street, Seattle, Washington 98144, identified by King County parcel number
16 159460-0090-08 (the "College Street Property"), which is owned by the Debtor; and the second,
17 recorded under Snohomish County Auditor's File No. 201604210406 against real property
18 commonly known as 4415 Priest Point Drive Northwest, Marysville, Washington 98271,
19 identified by Snohomish County parcel number 005482-000-024-06 (the "Priest Point
20 Property"), which is owned by non-debtor VS Developing LLC. True and correct copies of the
21 Deeds of Trust, with required redactions for financial privacy, are attached hereto as **Exhibits B**
22 **and C**, and are incorporated herein by reference. The College Street Property and the Priest
23 Point Property will hereinafter be referred to collectively as the "Properties," and the full legal
24 descriptions are set forth in Exhibits B and C hereto. The Note, the Deeds of Trust, and all
25 ancillary loan documents will be referred to herein after as the "Loan Documents."

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**DECLARATION OF STEPHANIE JENKINS
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1 6. V. S. Investment breached the terms of the Loan and the Loan Documents by
2 failing to pay the Note in full by or before the Maturity Date. As of June 19, 2020, BRMK is
3 owed not less than **\$4,287,350.29** on the Loan, which includes the principal balance, accrued
4 interest to date, certain lender costs, late fees, loan extension fees, and other loan expenses.
5 Interest continues to accrue on the Note at the default rate of 24% *per annum*, which equates to
6 \$2,035.11 *per diem*, along with BRMK's attorneys' fees, costs of collection, and other expenses.

7 7. The Deeds of Trust specifically provide that BRMK has the right to appoint a
8 receiver in the event of default as to the terms in the Loan Documents. As such, pursuant
9 thereto, BRMK sought appointment of a general receiver and filed a petition for appointment of
10 same on January 22, 2020, in King County Superior Court Case No. 20-2-01927-5 SEA (the
11 "Receivership Case"). An Order appointing Elliott Bay Asset Solutions, LLC ("Elliott Bay" or
12 the "Receiver") as general receiver was entered in the Receivership Case on February 6, 2020.
13 As of February 6, 2020, the date the Receiver was appointed, BRMK was owed not less than
14 \$4,236,395.98. A true and correct copy of BRMK's Proof of Claim filed in the Receivership is
15 attached hereto as **Exhibit D**.

16 8. Prior to appointment of the Receiver, I understand that the Debtor had entered
17 into four separate purchase and sale agreements for the four units comprising the College Street
18 Property. The purchase and sale agreements all included required punch list items to be
19 completed by the Debtor. The Debtor walked away and did not complete the punch list items
20 before the Receiver was appointed.

21 9. After the Receiver was appointed, I spoke with Paul Greben, who wanted to
22 purchase the Properties. He was willing to offer \$3,352,000.00 for all of the Properties, of
23 which \$2,850,000.00 was for the College Street Property and \$502,000.00 was for the Priest
24 Point Property. I understand that he, through his company Alpine Homes NW, LLC, made the
25 offer in writing and entered into a purchase and sale agreement with the Receiver. That sale

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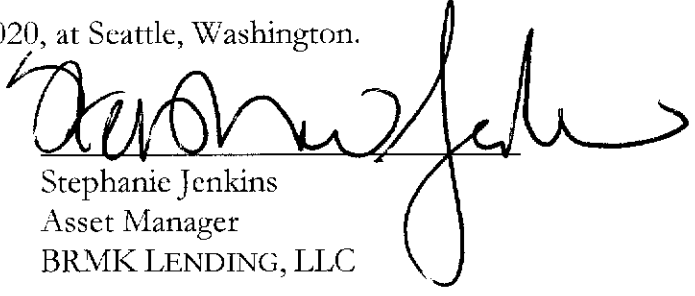
1 ultimately fell through and is the subject of a lawsuit against Alpine Homes NW, LLC ("Alpine
2 Homes"), which was brought by the Receiver.

3 10. V. S. Investment filed its Chapter 11 bankruptcy case on May 29, 2020. The
4 intention was clear, to stop the sale of the Properties. The Receiver had already noticed and
5 obtained Superior Court approval of a sale of all the Properties for a purchase price of
6 \$3,352,000.00. Unfortunately, the sale to Mr. Greben, through Alpine Homes, ultimately fell
7 through. However, on May 29, 2020, the same day that the present bankruptcy case was filed,
8 the Receiver had filed another Motion for Order Authorizing Sale of the College Street Property
9 for a purchase price of \$2,850,000.00, and had entered into mutual acceptance with the
10 proposed buyers, Mr. and Ms. Gurbuz, as of May 21, 2020.

11 11. The Receiver and BRMK have incurred significant attorneys' fees and costs in the
12 pursuit of the Receivership and in BRMK's efforts to collect the amounts outstanding on the
13 Loan. In understand that the potential buyers of the Properties, who were under contract with
14 the Receiver to purchase the College Street Property, and whose motion to approve sale had
15 already been filed with the Superior Court, are still interested in purchasing the Properties. It is
16 BRMK's preference for the Receiver to continue with his sale of the Properties at this time.
17 The sale of the Properties by the Receiver is in the best interests of all creditors of this
18 bankruptcy estate.

19 12. I certify under the penalty of perjury according to the laws of the State of
20 Washington that the foregoing declaration is true and correct.

21 DATED this 22nd day June, 2020, at Seattle, Washington.

22
23 
24 Stephanie Jenkins
25 Asset Manager
26 BRMK LENDING, LLC

**DECLARATION OF STEPHANIE JENKINS
IN SUPPORT OF MOTION TO DISMISS OR
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